

January 15, 2003

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

For the past two years, state governments across the country have been fighting for their financial lives. When I took office in January 2001, I was immediately faced with a budget shortfall. I took quick and decisive action to reduce state spending to ensure the state's budget remained in balance. The national recession, which was worsened by the terrorist attack on our nation, has continued to sap resources from the state's budget. Although forecasters predicted a slowly improving economy, corporate accounting scandals and the potential for war have weakened the confidence of consumers and placed a further drag on the economy.

Because of the stagnant economy, it was necessary to cut almost \$900 million out of the budget during my first two years in office. These were deep cuts, but they were focused as much as possible on reducing administrative costs and providing services in the most efficient manner possible. However, some difficult cuts have been made, including loss of health care coverage for some low-income adults, a reduction in funding for higher education, and layoffs of state employees.

The Fiscal Year 2004 budget brings a one billion dollar shortfall and the greatest challenge to Missouri government since World War II. That is why I traveled around the state to host Fair Share Budget Summits with citizens from all walks of life and to listen to their suggestions for fixing the shortfall, while ensuring the best future for all Missourians.

Based on input from Missourians, my plan includes a comprehensive approach to ensuring a Fair Share Budget. First, it focuses on fiscal responsibility through a detailed core review that has resulted in \$1.1 billion in core cuts over three years. Second, my Managing for Results Initiative will continue to find ways to provide services more efficiently. Third, I will call on the General Assembly to pass legislation requiring all new programs to contain a sunset and not be renewed unless results have been achieved.

Finally, my plan calls for closing tax loopholes and providing targeted new sources of revenue to maintain education funding and help pay the cost of health care for low-income seniors, the disabled, and children. Missouri can no longer afford to give money away to corporations through special tax loopholes. Average citizens must be assured that everyone is paying their fair share to support vital state services.

The Fiscal Year 2004 shortfall brings both challenges and opportunities. It creates challenges to balance the budget without cutting too deeply. It also brings opportunities to ensure the budget is focused on results. My plan will keep the budget in balance, protect funding for education and other vital programs, and provide a Fair Share Budget that will help our state create the jobs necessary to ensure a brighter future.

Sincerely,

Bob Holden
Governor of Missouri